

Message Text

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FROM AMBASSADOR NORLAND

E.O. 11652: N/A

TAGS: OTRA

SUBJ: SOUTHERN AFRICAN DEVELOPMENT ANALYSIS (SADAP): RESULTS
OF LESOTHO CONSULTATIONS

FOLLOWING IS CLEARED REPORT ON SADAP CONSULTATIONS WITH
GOVERNMENT OF LESOTHO.

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1. JOINT STATE/AID SANDAP TEAM CONDUCTED TWO DAYS
CONSULTATIONS WITH LESOTHO GOVERNMENT WHICH INCLUDED SECRETARY
TO THE CABINET, PERMANENT SECRETARY FOR CENTRAL PLANNING
AND KEY MINISTRY OFFICIALS. FOLLOWING IS SUMMARY OF RESULTS:

A. GOL ENDORSED SADAP ANALYSIS AND EXPRESSED WILLINGNESS
TO PARTICIPATE IN FOLLOW-UP SECTOR STUDIES BY CONSULTANT

TEAMS. HOWEVER, ALL OFFICIALS EXPRESSED CONCERN THAT THINLY STRETCHED GOL BUREAUCRACY MAY BE UNABLE TO OFFER EXTENSIVE ASSISTANCE. GOL ACUTELY CONSCIOUS OF NUMBER OF DONOR STUDIES CURRENTLY BEING CONDUCTED TO WHICH IT HAS COMMITTED ITSELF TO PROVIDE SUPPORT. IN ADDITION TO US LASA ANALYSIS, GOL HAD BRITISH FOR TRENNIUM AID NEGOTIATIONS BEGINNING 22 MAY, IBRD TEAM WAS IN MASERU UP-DATING PERIODIC ECONOMIC ANALYSIS, AND SEVERAL PROJECT DEVELOPMENT TEAMS ARE SCHEDULED TO ARRIVE IN NEAR FUTURE. GOLD UNABLE ACCEPT FIRST SADAP TEAMS BEFORE EARLY JUNE AND EMPHATICALLY REQUESTED 14 DAYS ADVANCE NOTICE. IN ADDITION, OFFICIALS REPEATEDLY RETURNED TO THEME OF THINNESS OF GOL MINISTRIES AND ASKED THAT SADAP KEEP TEAMS AS SMALL AND VISITS AS SHORT AS POSSIBLE.

B. WITHIN THESE CONSTRAINTS CONSULTING TEAMS CAN PROBABLY EXPECT TO MEET WITH SENIOR GOL OFFICIALS AND RECEIVE FULL COOPERATION FROM MID-LEVEL MINISTRY PERSONNEL WHO WILL BE ASSIGNED LIAISON ROLES. CENTRAL PLANNING OFFICE (MONYAKE) WILL COORDINATE GOL PARTICIPATION. MONYAKE HAS UNDERTAKEN PROVIDE LISTS AND, WHERE NECESSARY, COPIES OF DOCUMENTS PERTINENT TO STUDY. GOL FEELS STRONGLY THAT CONSULTANTS SHOULD FULLY DIGEST DOCUMENTATION PRIOR TO ARRIVAL AND REPEATEDLY EXPRESSED CONCERN THAT CONSULTANTS BE SELECTED FOR "LOCAL EXPERIENCE AND ECONOMIC REALISM."

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C. GOL OUTLINED ITS RELATIVE PRIORITIES AMONG DEVELOPMENT PROBLEMS (PARA 2 BELOW) AND FUNDAMENTAL DEVELOPMENT STRATEGY. LESOTHO FEELS THAT IT IS FACED WITH SUCH PRESSING AND BASIC DEVELOPMENT NEEDS THAT IT WELCOMES MAXIMUM ASSISTANCE EFFORTS BY ALL DONORS IN VIRTUALLY ALL FIELDS. HOWEVER, ALL OFFICIALS STRESSED THAT ORDERLY DEVELOPMENT PLANS HAVE BEEN TO SOME EXTENT OVERTAKEN BY PERCEIVED NEED TO INCREASE SELF-SUFFICIENCY AND TO LESSEN VULNERABILITY TO ECONOMIC PRESSURES FROM SOUTH AFRICAN AND THE TRANSKEI. GOL CLEARLY HAS NOT YET RESOLVED INTERNAL DEBATE BETWEEN DEVELOPMENT STRATEGY BASED ON MAXIMIZING EXPORT POTENTIAL AND REVENUE AND STRATEGY OF POLITICALLY-MOTIVATED EMPHASIS ON SELF-SUFFICIENCY IN BASIC STAPLES. IN ADDITION, OFFICIALS INDICATED THAT THEIR PUBLISHED DEVELOPMENT PLANNING DOCUMENTS HAVE BEEN DESIGNED LARGELY WITH DONOR PERCEPTIONS IN MIND IN ORDER OBTAIN MAXIMUM ASSISTANCE LEVELS AND EXPRESSED CONCERN OVER POSSIBLE DISTORTIONS THIS MAY HAVE INTRODUCED INTO THEIR DEVELOPMENT STRATEGY,

SPECIFIC AREAS SINGLED OUT FOR REFERENCE WERE CURRENT US DE-EMPHASIS ON INFRASTRUCTURE AND DISINCLINATION OF SOME DONORS TO SUPPORT EXPORT PROMOTION TO LESOTHO'S NATURAL MARKET IN

SOUTH AFRICA.

D. GOL EXPRESSED LITTLE INTEREST IN REGIONAL ASPECTS OF SADAP EXCEPT FOR CRUCIAL ISSUE OF FUTURE OF SOUTHERN AFRICA CUSTOMS UNION AND RELATIONS WITH SOUTH AFRICA (INCLUDING HOMELANDS). CUSTOMS UNION RECEIPTS EXPECTED TO EXCEED 70 PERCENT OF LESOTHO'S REVENUE IN FISCAL 1978. ALTHOUGH THEY SHOWED INTEREST IN MOVING TOWARD OWN MONETARY SYSTEM (WITH RESIDUAL LINK TO RAND SIMILAR TO SWAZILAND MODEL), OFFICIALS INDICATED THAT GOL ECONOMIC PLANNING IS PREDICATED ON CONTINUING PARTICIPATION IN CUSTOMS UNION WITH EMPHASIS ON INCREASING SHARE OF BENEFITS. ONLY OTHER AREA IN WHICH GOL EVINCED SERIOUS REGION INTEREST IS IN THEORETICAL POTENTIAL FOR BLS AIRLINE.

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E. ECONOMIC RELATIONSHIP WITH SOUTH AFRICA IS AN INESCAPABLE FACET OF LESOTHO'S DEVELOPMENT THINKING AND A HIGHLY SENSITIVE SUBJECT. OFFICIALS MADE CLEAR THAT THIS IS NOT AN AREA IN WHICH GOL WILL WELCOME OUTSIDE INTERVENTION IN ITS BASIC POLICY DECISIONS. IN ADDITION, GOL EXPLICITLY NOTED ITS HESITATION ABOUT SHARING FULL EXTENT OF ITS THINKING ON THIS SUBJECT FOR INCLUSION IN PUBLIC DOCUMENT SUCH AS CONGRESSIONAL REPORT, ESPECIALLY IF IT IS TO BE MADE AVAILABLE TO ALL OTHER GOVERNMENTS INVOLVED IN SADAP. BELIEVE GOL WILL INSIST ON MAXIMUM FEASIBLE CONTROL OF RELEVANT PORTIONS FINAL REPORT, WHICH IT CLEARLY SEES AS VEHICLE FOR PRESENTING VIEWS OF GOL (AS OPPOSED TO THOSE OF US ADMINISTRATION) TO CONGRESS.

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FM AMEMBASSY NAIROBI
TO SECSTATE WASHDC PRIORITY 7674
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F. LOCAL REPRESENTATIVES OF OTHER DONORS WELCOMED OPPORTUNITY COLLABORATE WITH SADAP EFFORT. TEAM MET WITH REPRESENTATIVES OF BRITISH, DANISH, EEC AND UNDP PROGRAMS. ALL STRONGLY CONCUR NEED FOR COMPREHENSIVE AND LONGER-TERM OVERVIEW OF LOCAL DEVELOPMENT PROBLEMS AND APPROPRIATENESS OF CURRENT DONOR AND HOST COUNTRY APPROACHES.

G. TEAM ATTEMPTED CAREFULLY AVOID CREATING UNREALISTIC EXPECTATIONS OF ANY SHARP EXPANSION OF US AID LEVELS
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NECESSARILY STEMMING FROM SADAP ANALYSIS. HOWEVER, IT IS OUT JUDGEMENT THAT DESPITE EXPLICIT DISCLAIMERS, CONSULTING TEAMS WILL NEED TO BE SENSITIVE TO NATURAL INCLINATION OF THIS GOVERNMENT TO VIEW THIS LEVEL OF INTEREST AS INDICATING A FORTHCOMING US ATTITUDE IF NOT IMPLIED COMMITMENTS.

2. AS MORE SPECIFIC GUIDANCE FOR CONSULTING TEAMS, FOLLOWING ARE KEY DEVELOPMENT PROBLEMS IN ORDER OF PRIORITY AS LISTED BY LESOTHO GOVERNMENT, DURING DISCUSSIONS.

A. MIGRANT LABOR AND EMPLOYMENT GENERATION, GOL SERIOUSLY CONCERNED OVER IMPLICATIONS OF SAG HOMELANDS AND MINING MECHANIZATION PROGRAMS FOR 250,000 BASUTO MIGRANT LABORERS IN RSA. IT BELIEVES REABSORPTION CURRENTLY IMPOSSIBLE AND PLACES HIGHEST PRIORITY ON INCREASING PRODUCTIVE DOMESTIC EMPLOYMENT OPPORTUNITIES. AT THE SAME TIME, IT IS UNDECIDED OVER LABOR-INTENSIVE AGRICULTURE VERSUS MANUFACTURING AS BEST VEHICLE FOR THIS.

B. COMMUNICATIONS. LACK OF INTERNAL TRANSPORTATION INFRASTRUCTURE IS CONSIDERED KEY CONSTRAINT ON AGRICULTURE-BASED DEVELOPMENT. GOL INTENDS ATTEMPT MAJOR REORIENTATION OF TRANSPORT LINKS

AWAY FROM TRANSKEI AND TOWARD DOMESTIC MARKETING AND PROCESSING CENTERS SIMULTANEOUSLY WITH EXPANSION OF MOUNTAIN PENETRATION ROADS. EMPHASIS ALSO PLACED ON INTERNATIONAL AIRPORT/AIRLINE AND MICROWAVE COMMUNICATIONS SYSTEMS AS LINKS WITH "OUTSIDE WORLD."

C. ENERGY. GOL BELIEVES ONLY LONG-TERM ALTERNATIVE TO DILEMMA BETWEEN EXCESSIVE DEPENDENCE ON SOUTH AFRICAN AND UNPRODUCTIVELY AUTARCHIC ECONOMY LIES IN DEVELOPMENT OF HYDROELECTRIC WATER AND POWER POTENTIAL. IT IS ALSO TENTATIVELY EXPLORING SHORT-TERM MEASURES IN EVENT OF INTERRUPTION OF OIL OR ELECTRICITY SUPPLY FROM RSA.

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D. SELF-SUFFICIENCY IN FOOD PRODUCTION AND DISTRIBUTION. LESOTHO IS ALARMED AT THE EXTENT OF ITS DEPENDENCE ON SOUTH AFRICA AND AD HOC DONORS FOR ITS FOOD. IT HAS EMBARKED ON POLICY OF SELF-SUFFICIENCY IN BASIC STAPLES. INHERENT ISSUES INCLUDING LAND TENURE, EXTENT OF MECHANIZATION, IMPLIED DE-EMPHASIS ON CASH CROPS AND QUESTION OF SMALL HOLDER VERSUS CO-OPERATIVE OR PLANTATION SYSTEMS ARE STILL BEING ADDRESSED. CLEARLY IDENTIFIED NEEDS ARE EFFORTS TO CHECK SOIL EROSION, INCREASE TECHNICAL MANPOWER, EMBARK ON APPROPRIATE RESEARCH AND ESTABLISH LINTERNAL MARKETING MECHANISM.

E. HEALTH. OFFICIALS INDICATED THAT GIVEN CURRENT STUDIES AND PROPOSALS IN AREA OF PUBLIC HEALTH, THEY DEFERRED TO US JUDGMENT AS TO WHETHER SEPARATE HEALTH CONSULTING TEAM NECESSARY. IN VIEW OF CONSIDERATIONS PARA 1A, RECOMMEND THIS SECTOR TEAM NOT VISIT MASERU UNLESS WASHINGTON REVIEW OF LITERATURE INDICATES ESSENTIAL.

F. PRIVATE SECTOR INVESTMENT. GOL CONCERNED THAT SAG HOMELANDS POLICIES MAY ADVERSELY AFFECT FUTURE AVAILABILITY OF PRIVATE CAPITAL FROM THE RSA FOR INVESTMENT IN LESOTHO. THEY WOULD LIKE TO EXPLORE OPPORTUNITIES FOR ATTRACTING FOREIGN CAPITAL FROM ALTERNATIVE SOURCES. THIS VIEWED AS AN ESSENTIAL COMPONENT OF EMPLOYMENT GENERATION PROGRAM.

3. EMBASSY/OSARAC HAS INDICATED THAT FRANK CAMPBELL WILL ACT AS THE COUNTRY RESOURCE PERSON TO DIRECT CONSULTANTS TO ESSENTIAL DOCUMENTATION AND LOCAL CONTACTS. HOWEVER, POST STRESSED FACT THAT NO OFFICE SPACE FOR SECRETARIAL SUPPORT COULD BE PROVIDED. TEAMS MUST BE SELF-RELIANT AND HAVE APPROPRIATE AUTHORITY TO LEASE ADDITIONAL HOTEL SPACE FOR TEMPORARY OFFICE AS NECESSARY, TO HIRE LOCAL SECRETARIAL SERVICES, AND TO ARRANGE TRANSPORTATION THROUGH LOCAL AUTO RENTAL AGENCIES.
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